



# Rex Railways, Inc.

10715

## EXECUTIVE OFFICES

616 PALISADE AVENUE  
ENGLEWOOD CLIFFS,  
NEW JERSEY 07632  
201-567-8300

RECORDATION NO. .... Filed 1425

AUG 9 1979 - 1 05 PM

INTERSTATE COMMERCE COMMISSION

August 3, 1979

Mrs. Mildred Lee  
Interstate Commerce Commission  
Recordation Department  
Room 2227  
12th and Constitution Ave. N.W.  
Washington, D.C. 20423

No. 9 221A167

Date AUG 9 1979

Fee \$ 50.00

ICC Washington, D. C

Dear Mrs. Lee:

We are herewith enclosing three originals of a lease between Rex Railways, Inc. and Klemme Cooperative Grain Co., Klemme, Iowa covering forty (40) covered hopper cars which will bear the numbers RREX 4347 - 4386 inclusive. Also enclosed please find our check in the sum of \$50.00.

We would appreciate your recording this lease and having two copies returned to the writer with the recordation number affixed.

Your cooperation is greatly appreciated. Thanking you, I am,

Very truly yours,

*Doris Wilson*

Doris Wilson

DW:ST  
encl.

RECEIVED  
FEE DEPARTMENT  
AUG 10 1979

AUG 12 1979

STANDARD



A Subsidiary of Rex-Noreco, Inc.



10715

RECORDATION NO. .... Filed 1425

AUG 9 1979-1 05 PM

INTERSTATE COMMERCE COMMISSION

## LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this .27.. day of ..March..., 197..9, between REX RAILWAYS, INC., a N. J. corporation, 616 Palisade Ave., Englewood Cliffs, N.J. ("REX") as Lessor and ..Klemme Cooperative Grain Co., Klemme, Iowa..... (the "Lessee"), as Lessee.

### RECITALS

Lessee desires to lease from Rex as Lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

### AGREEMENT

It is Agreed:

1. *Lease of Cars.* REX agrees to lease to Lessee and Lessee agrees to and does hereby lease from Rex , railroad cars of the number of units, model, type, construction and such other description (hereinafter referred to as the "Cars") as is set forth in Schedule 1 attached hereto and by this reference made a part hereof and as set forth in Schedules which may from time to time be added to this Lease and thereby made a part hereof. The Lease shall become effective as to any Car immediately upon its delivery to and acceptance by Lessee pursuant to Paragraph 3.

2. *Delivery of Cars.* Rex shall deliver the Cars as promptly as is reasonably possible. Rex 's obligations with respect to delivery of all or any of the Cars are hereby made expressly subject to, and Rex shall not be responsible for, failure to deliver or delays in delivering Cars due to labor difficulties, fire, delays and defaults of carriers and material suppliers or Car manufacturers, acts of God, governmental acts, regulations and restrictions or any other causes, casualties or contingencies beyond Rex 's control. Initial delivery shall be at the point specified in the applicable Schedule. From and after acceptance of a Car, Lessee shall be liable for, and shall pay or reimburse Rex for the payment of all costs, charges and expenses of any kind whatsoever on account of or relating to switching, demurrage, detention, storage, transportation or movement of a Car, including specifically, but not exclusively, freight and switching charges for movement at any time and from time to time to and from repair shops, storage or terminal facilities.

3. *Condition of Cars — Acceptance.* All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description and specifications contained in the applicable Schedule; but Lessee shall be solely responsible for determining that Cars are in proper condition for loading and shipment. Within five days after Rex shall give Lessee notice that some or all Cars are ready for delivery, Lessee may have its authorized representative inspect such Cars at the point specified in the notice and accept or reject them as to condition. Cars so inspected and accepted and any Cars which Lessee does not elect to inspect shall upon delivery thereof to Lessee as above provided be conclusively deemed to be accepted and subject to this Lease and to meet all requirements of this Lease. At Rex 's request, Lessee shall deliver to Rex an executed Certificate of Acceptance in the form of Exhibit A with respect to all accepted cars.

4. *Use and Possession.* Throughout the continuance of this Lease so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date the Lease becomes effective as to such Car and shall use such Car on its own property or lines or in the usual interchange of traffic; provided, however, that Lessee agrees that the Cars shall at all times be used (i) in conformity with Interchange Rules; (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed; (iv) only within the continental limits of the United States of America or in temporary or incidental use in Canada; ~~and (v) in such service as will not constitute a "unit train".~~

5. *Term.* This Lease shall be effective as to any Car on the date of delivery by Rex of such Car, as provided in Paragraph 2 hereof. The lease term shall commence on the Average Date of Delivery and shall terminate upon expiration of the lease term specified in the applicable Schedule unless sooner terminated in accordance with the provisions of this Lease or unless extended pursuant to written agreement of the parties or pursuant to the terms of Paragraph 11.

6. *Rental.* (a) Per Car. During the term of this Lease, Lessee shall pay to Rex for each Car, commencing on the date of delivery thereof, the monthly rental specified in the applicable Schedule .

(b) Mileage Credits. If the Cars bear Rex reporting marks and numbers, any time and mileage payments paid or allowed by railroads on the Cars shall be the property of Rex , but Rex shall credit time and mileage payments actually received by it during an Accounting Period (less taxes, other than income taxes, due or to become due on account thereof) against rental then or thereafter due under this Lease during such Accounting Period; provided, however, that in no event shall the aggregate time and mileage payments credited exceed the total rental payable by Lessee during such Accounting Period. Upon notice from any railroad, whether received prior to or after termination of this Lease, Lessee agrees to pay Rex all sums due on account of all excess empty mileage incurred on Cars during the term of this Lease at the rate established by the applicable railroad tariff.

7. *Payment.* Lessee shall make payment of all sums due hereunder to Rex in immediately available funds at the address provided in Paragraph 21 hereof, or such other place as Rex may direct. Rental payments shall be made monthly in advance on or before the 1st day of each month for which such rental is due, except that the first full month's payment shall, in addition, include rental covering any prior period of less than one month.

8. *Title.* Lessee shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessee.

9. *Repairs.* (a) Rex . Except as may otherwise be provided in this Paragraph 9(a) and (b), Rex shall be responsible for all Repair Work. Lessee shall promptly notify Rex of any Repair Work of which it has knowledge. Rex shall have no responsibility hereunder until and unless informed of the need for Repair Work. Rex may require Lessee to

deliver Cars to such place as Rex designates for all Repair Work, and Rex may terminate this Lease with respect to any Car as to which it deems Repair Work to be unsuitable or uneconomical.

(b) Lessee. Except where a railroad or railroads have assumed full responsibility, Lessee shall be responsible for and shall pay all costs and expenses of all Repair Work or other work or materials required (i) by reason of damage or other condition caused by negligence of Lessee or anyone other than Rex; (ii) by reason of damage or other condition caused by loading, unloading or use other than as permitted herein; (iii) necessary in order to repair, replace or maintain interior lading equipment, special interiors and linings and removable parts in good, safe operating condition; (iv) by reason of loss or damage resulting from any commodity or other material loaded in or on any car; or (v) by Interchange Rules which have not been adopted or promulgated as of the date hereof.

10. *Substitution of Cars.* Rex may, at any time and from time to time, replace any Withdrawn Cars or Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Withdrawn or Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which Rex has assigned its rights hereunder, as permitted in Paragraph 19 hereof.

11. *Abatement of Rent.* Rental payments on any Car out of service for Repair Work or other work which is Rex's responsibility under Paragraph 9(a) hereof shall abate from the \_\_\_\_\_ day after such Car has been placed in any repair shop for service until such Car or a Replacement Car is delivered to Lessee, to a railroad for the account of Lessee, or is otherwise ready for or is returned to service by Lessee. In the event rental is abated, then if Rex so elects and notwithstanding anything contained in Paragraph 5 to the contrary, the original term of this Lease shall be extended for a period of time determined by dividing the sum of the number of days per Car with respect to which rental was so abated by the number of Cars subject to the applicable Schedule on what would otherwise have been the last day of the original term hereof.

or notification  
to Rex Railwa  
Inc. whichever  
is first

12. *Taxes.* Rex shall be liable for and pay all Federal, State or other governmental property taxes assessed or levied against the Cars except that Lessee shall be liable for and pay such taxes when the Cars bear reporting marks and numbers other than Rex's. Lessee shall be liable at all times for and shall pay or reimburse Rex for payment of (i) all Federal, State or local sales or use taxes imposed upon or in connection with the Cars, this Lease, or the manufacture, acquisition, or use of the Cars for or under this Lease, (ii) all taxes, duties or imposts assessed or levied on the Cars or this Lease by a foreign country and/or any governmental subdivision thereof and (iii) all taxes or governmental charges assessed or levied upon its interest as Lessee of Cars.

13. *Liens.* Lessee shall keep the Cars free from any and all encumbrances or liens in favor of anyone claiming by, through or under Lessee which may be a cloud upon or otherwise affect Rex's title, including, but not limited to liens or encumbrances which arise out of any suit involving Lessee, or any act or omission of Lessee or Lessee's failure to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance or legal process.

14. *Indemnities -- Patent Covenants.* Lessee agrees to indemnify Rex and hold it harmless from any loss, expense or liability which Rex may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease, excepting only any such loss, expense or liability which arises solely from Rex's negligence. Rex agrees to indemnify Lessee and save it harmless against any charge, loss, claim, suit, expense or liability arising out of or on account of the use or incorporation by Rex upon delivery of a Car or upon the making of

repairs thereto by Rex of any invention or the infringement of any patents, except if such invention was used or incorporated by reason of Lessee's specifications. The term Rex shall mean and include any subsidiary, parent or affiliated corporation for all purposes of this Paragraph 14. Lessee's indemnity shall not eliminate the rights given Lessee under any manufacturer's warranty assigned to it pursuant to Paragraph 22. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against.

15. *Lettering – Inventory.* At Rex' election all Cars may be marked to indicate the rights of Rex or an assignee, mortgagee, trustee, pledgee or security holder of Rex or a lessor to Rex and may bear the following inscription: "Title to this Car subject to documents recorded under Section 20c of the Interstate Commerce Act." Except for renewal and maintenance of the aforesaid lettering or lettering indicating that the Car is leased to the Lessee or to a sublessee in accordance with demurrage tariffs, no lettering or marking shall be placed upon any of the Cars by Lessee and Lessee will not remove or change the reporting marks and numbers indicated on the applicable schedule except upon the written direction or consent of Rex. Rex may at its own cost and expense inspect the Cars from time to time wherever they may be, and Lessee shall, upon request of Rex but no more than once every year, furnish to Rex its certified inventory of all Cars then covered by this Lease.

16. *Loss, Theft or Destruction of Cars.* In the event any Car is lost, stolen, destroyed or damaged beyond economic repair, Lessee shall, within five days of its knowledge thereof, by written notice, fully advise Rex of such occurrence. Except where Rex shall have received payment for such Casualty Car from a handling railroad or other party under and pursuant to Interchange Rules, Lessee shall, within 45 days after demand by Rex, promptly make payment to Rex in the same amount as is prescribed in the Interchange Rules for the loss of such Car. This Lease shall terminate with respect to a Casualty Car on the date Rex shall receive notice of a casualty occurrence with respect thereto, and thereafter Lessee shall have no further liability to Rex hereunder with respect thereto excepting accrued rent and liabilities arising or existing under Paragraphs 6(c), 12, 13, and 14 hereof.

17. *Return of Cars.* Upon the expiration or termination of this Lease with respect to any Car (other than pursuant to Paragraph 16 hereof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to Rex by delivering same to Rex at such repair shop, storage or terminal facility as Rex may designate by notice to Lessee. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered to Lessee, wear and tear from ordinary use and the passage of time excepted, shall be in need of no repairs for which Lessee is liable under Paragraph 9, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any of the Cars do not bear Rex reporting marks and numbers, Lessee shall place such reporting marks and numbers on any or all of the Cars as Rex shall designate in writing to Lessee prior to the end of the lease term. Until the delivery of possession to Rex pursuant to this Paragraph 17, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Lease as though such termination or expiration had not occurred. If Lessee is a railroad, Lessee agrees to provide storage, upon the request of Rex for any or all of the Cars for a period of ninety (90) days from the date of expiration or termination of this Lease. Nothing in this Paragraph 17 shall give Lessee the right to retain possession of any Car after expiration or termination of this Lease with respect to such Car.

18. *Default.* If Lessee shall fail to make any payment required hereunder within 20 days after same shall have become due or shall default or fail for a period of 20 days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or if a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or for the appointment of a receiver, assignee or trustee of Lessee or its property, or if Lessee shall make a general assignment for the benefit of creditors, then and in any of said events Rex may at its election:

(a) terminate this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages for loss of a bargain and not as a penalty, any and all damages sustained by reason of Lessee's default in addition to all rental unpaid as of said date; or

(b) without terminating the Lease repossess the Cars, and may relet the same or any part thereof to others upon such rental and other terms as it may see fit. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. Rex shall not be obligated to accept any lessee offered by Lessee, or to do any act or exercise any diligence whatsoever in the procuring of another lessee to mitigate the damages of Lessee or otherwise. The election by Rex to relet the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained. The obligation to pay such deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars.

The remedies provided in this Paragraph 18 in favor of Rex shall not be deemed exclusive but shall, where not by rule of law inconsistent with each other, be cumulative and may be availed of singly, in combination, or all together and in any order, and shall be in addition to all other remedies in Rex's favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law now or hereafter in effect which might limit or modify any of the remedies herein provided to the extent that such waiver is permitted by law.

19. *Sublease and Assignment.* The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have <sup>the</sup> right to assign or sublease or loan any of the Cars without the prior written consent of Rex and Lessee shall have the right to sublease any of the Cars for single trips within the continental limits of the United States to its customers or suppliers where the sole purpose of such sublease is to obtain exemption from demurrage on the subleased Cars. Any such sublease shall be upon terms which are in compliance with all applicable Interchange Rules, tariffs, regulations and laws and all terms and conditions of this Lease;

(b) all rights of Rex hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part without notice to or consent of Lessee. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any lease to Rex, chattel mortgage, security agreement or equipment trust or other security instrument covering the Cars heretofore or hereafter created by Rex provided only that so long as Lessee is not in default under the Lease, Lessee shall be entitled to the peaceful and quiet possession of the Cars. If Rex shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by Rex shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or

undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

20. *Opinion of Counsel.* Upon the request of Rex or its assignee, Lessee will deliver to Rex an opinion of counsel for Lessee, addressed to Rex or its assignee in form and substance satisfactory to counsel for Rex or its assignee, which opinion shall be to the effect that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation, and has corporate power and has taken all corporate action necessary to enter into this Lease and carry out its obligations hereunder;

(b) this Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms;

(c) the Cars which are then subject to the Lease are held by Lessee under and subject to the provisions of this Lease prior to any lien, charge or encumbrance in favor of anyone claiming by, through or under Lessee; and

(d) no governmental, administrative or judicial authorization, permission, consent, or approval or recording is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder.

21. *Notice.* Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Rex at: P.O. Box 968  
Englewood Cliffs, New Jersey 07632

or at such other addresses as Rex may from time to time designate by such notice in writing and to Lessee at the address first above written or any such other address as Lessee may from time to time designate by notice in writing.

22. *Warranty.* Rex agrees to assign to Lessee such rights as it may have under warranties, if any, which it may have received from the manufacturer of any Cars or parts therefor and shall at Lessee's expense cooperate with Lessee and take such action as may be reasonably requested to enable Lessee to enforce such rights. Rex makes no warranty or representation of any kind, either express or implied, as to any matter whatsoever, including specifically but not exclusively, merchantability, fitness for a particular purpose extending beyond the description in the applicable Schedule, or the design, workmanship, condition or quality of the Cars or parts thereof which Cars have been accepted by Lessee hereunder; and Rex shall have no liability hereunder for damages of any kind, including specifically but not exclusively, special, indirect, incidental, or consequential damages on account of any matter which might otherwise constitute a breach of warranty or representation. Lessee represents that all of the matters set forth in Paragraphs 20(a), (b) and (c) shall be and are true and correct at all times that any Car is subject to this Lease.

23. *Governing Law — Writing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of N.J. The terms of this Lease and the rights and obligations of the parties hereto may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

24. *Counterparts.* This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

25. *Severability — Waiver.* If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of Rex to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

26. *Terminology.* In construing any language contained in this Lease, no reference shall be made and no significance given to paragraph titles, such titles being used only for convenience of reference. Where the context so permits, the singular shall include the plural and vice versa.

27. *Past Due Payments.* Any nonpayment of rentals or other sums due hereunder, whether during the period within which a default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount equal to twelve per cent per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of such overdue sum for the period of time from one week after the due date until such overdue sum is paid.

28. *Definitions.* For all purposes of this Lease the following terms shall have the following meaning:

(a) "Interchange Rules" — all codes, rules, interpretations, laws or orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency, or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(b) "Average Date of Delivery" — that date which is determined by (i) multiplying the number of Cars delivered by Rex on each day by the number of days elapsed between such day and the date of delivery of the first Car under the applicable Schedule, and (ii) adding all of the products so obtained and dividing that sum by the total number of Cars delivered under the applicable Schedule and (iii) adding such quotient rounded out to the nearest whole number to the date of delivery of the first Car under the applicable Schedule. The date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the Lessee. A Car shall be conclusively deemed delivered to the Lessee on the earliest date shown on any of the following: (i) Certificate of Acceptance or other writing accepting a Car signed by the Lessee; or (ii) a bill of lading showing delivery to Lessee or to a railroad for the account of Lessee.

(c) "Accounting Period" — each consecutive period of 12 months commencing with the date hereof and any period of less than 12 months during which period this Lease shall expire or terminate.

(d) "Prevailing Labor Rate" — the per hour general labor rate established by the Association of American Railroads.

(e) "Repair Work" — all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules and preventive maintenance as determined by Rex to keep and maintain the Cars in good working order and repair.



(f) "Withdrawn Cars" — Cars as to which this Lease has been terminated by Rex because deemed by Rex to be unsuitable or uneconomical for Repair Work.

(g) "Casualty Cars" — Cars which are lost, stolen, destroyed or damaged beyond economic repair.

(h) "Replacement Cars" — Cars of substantially similar description and specification to that set forth in the applicable Schedule which are substituted for Withdrawn or Casualty Cars.

29. *Benefit.* Except as otherwise provided herein the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties and (to the extent permitted in Paragraph 19 hereof) their successors and assigns. Without limiting the generality of the foregoing, the indemnities of the Lessee contained in Paragraph 14 hereof shall apply to and inure to the benefit of any assignee of Rex and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness has been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtedness.

30. *Recording.* Upon request by Rex Lessee shall join in the execution of a memorandum or short form of this Lease for use in recordation under Section 20c of the Interstate Commerce Act or such other recordation as Rex deems appropriate. Said memorandum or short form of lease shall describe the parties, the Cars being leased and the term of this Lease including any options to extend and shall incorporate the Lease by reference.

IN WITNESS WHEREOF, Rex and Lessee have duly executed this Lease as of the day and year first above written.

REX RAILWAYS, INC.

By Robert M. Gruber  
President

[CORPORATE SEAL]

ATTEST:

Doris Twiss  
Asst. Secretary

KLEMME COOPERATIVE GRAIN CO.,  
KLEMME, IOWA

a(n) Iowa corporation

By Duane Kalkreuth  
President

[CORPORATE SEAL]

ATTEST:

Tom Renner  
Secretary

EXHIBIT A

Schedule...1...to Lease dated...March 27, 1979.... by and between  
Rex Railways, Inc. ("Rex") and ..... ("Lessee")

CERTIFICATE OF ACCEPTANCE

\_\_\_\_\_, 19\_\_\_\_

Rex Railways, Inc.  
P.O. Box 968  
Englewood Cliffs, New Jersey 07632

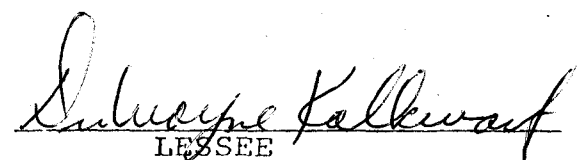
Gentlemen:

The undersigned, being a duly authorized representative  
of Lessee, hereby accepts \_\_\_\_\_  
( \_\_\_\_\_ ) Cars bearing numbers as follows:

for the Lessee pursuant to the Lease and certifies that each of  
said Cars is plainly marked in stencil on both sides of each Car  
with the words

REX RAILWAYS, INC.  
Owner and Lessor  
Title to this Car subject to documents  
recorded under Section 20c of Interstate  
Commerce Act

in readily visible letters not less than one inch (1") in height, and that  
each of said Cars conforms to, and fully complies with the terms of said  
Lease and is in condition satisfactory to the Lessee. If the Lessee is a  
railroad, Lessee hereby certifies that it is an interstate carrier by rail  
and that the Cars are intended for actual use and movement in interstate  
commerce.

  
LESSEE

REX'S LOT NO. \_\_\_\_\_

Schedule 1

Page 1 of Schedule 1 dated March 27, 19 79 to Lease dated March 27, 19 79, by and between REX RAILWAYS, INC.

( Rex) and Klemme Cooperative Grain Co., Klemme, ("Lessee")  
Iowa

TYPE AND DESCRIPTION OF CAR:

New, 4700 cubic foot covered hopper cars equipped with 100-Ton trucks, continuous hatches and gravity outlets.

NUMBER OF CARS: Forty (40) cars

INTERIOR EQUIPMENT: None

SPECIAL LININGS: None

PERMITTED LADING USE: Non-corrosive commodities

\*REPORTING MARKS AND NUMBERS: RREX 4347 - 4386 inclusive

SPECIFICATIONS DESIGNATED BY LESSEE: None

INITIAL F.O.T. DELIVERY POINT: Manufacturing Plant

\*When Rex reporting marks are specified, this lease is subject to the granting of all necessary consents to such use by carrier or any other approval now or hereafter required by tariff, Interchange Rules or other applicable laws and regulations.

Page 2 of Schedule 1 dated March 27, 19 79 to Lease dated  
March 27, 19 79, by and between REX RAILWAYS, INC.  
("Rex") and Klemme Cooperative Grain Co. of Klemme, ("Lessee")  
Iowa

LEASE TERM 15 (fifteen) years.

MONTHLY RENTAL: \$475.00 per car per month.  
(see Rider 1)

SPECIAL TERMS: None

KLEMMER COOPERATIVE GRAIN CO.,  
Klemme, Iowa  
Lessee

By Delwayne Kalkreuth  
\_\_\_\_\_  
President

[CORPORATE SEAL]  
ATTEST:

Tom Renner  
\_\_\_\_\_  
Secretary

[CORPORATE SEAL]  
ATTEST:

Doris Carlson  
Asst. Secretary

REX RAILWAYS, INC.

By Robert M. Shuler  
\_\_\_\_\_  
President

R I D E R 1

Rider consisting of 1 page attached to and made part of  
Schedule 1 dated March 27, 1979 to lease dated March  
27, 1979 by and between Rex Railways, Inc. and Klemme  
Cooperative Grain Co. of ("Lessee").  
Klemme, Iowa

MATERIAL AND LABOR COST ESCALATION CLAUSE

The rental herein is based upon the \$40,445.00 per car cost of labor and delivered materials incurred by manufacturer in manufacturing the Cars. If, prior to the completion of manufacture of all the Cars, the manufacturer shall incur an increase in such costs of delivered materials or labor or both over such costs prevailing as of December 15, 1978, the rental provided herein shall be increased as hereinafter set forth. Any increase in the manufacturer's cost of delivered materials plus 7½% markup or labor or both for any part or all of the Cars effective after December 15, 1978 but prior to the completion of manufacture of all Cars shall be divided by the total number of Cars and the amount so obtained shall be called the "Car Cost Increase". The rental provided in Page 2 of Schedule 1 shall be increased by \$.011 per Car for each dollar (to the nearest dollar) of the Car Cost Increase, and such increased rental shall be retroactively effective as to all Cars from the date hereof. As promptly as reasonably possible after completion of the manufacture of all Cars, Rex will notify Lessee of the Car Cost Increase and the increased rental (including basis for its computations) as well as of any amounts which are owed to Rex on account of the retroactive application of the increased rental to all Cars covered by the Lease. Lessee shall make payment of any rental so due with the next monthly rental payment due under the Lease.

Lessee

Delwayne Kalkreuth

Rex

Robert M. Gruber

## SCHEDULE 2

### ADDENDUM VALUATION AGREEMENT

Notwithstanding anything herein to the contrary, whenever an Insurance Carrier must honor a claim herein submitted by the Lessor, the value of the railcars referred to in this Lease shall be as follows:


1st year value of car is	110%	of purchase price.
2nd " " " "	109%	" "
3rd " " " "	108%	" "
4th " " " "	107%	" "
5th " " " "	106%	" "
6th " " " "	105%	" "
7th " " " "	104%	" "
8th " " " "	103%	" "
9th " " " "	102%	" "
10th " " " "	101%	" "
11th " " " "	100%	" "
12th " " " "	99%	" "

OR

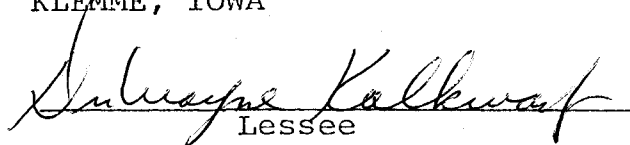
Depreciated value, whichever is higher.

Provided, however, that nothing in this Addendum Valuation Agreement shall increase Lessee's liability to Rex, or to any third party claiming by, through or in the stead of Rex, in respect of any of the cars covered by this Lease, over the amount of Lessee's liability in the absence of this Addendum Valuation Agreement.

REX RAILWAYS, INC.

  
\_\_\_\_\_  
Lessor

KLEMME COOPERATIVE GRAIN CO.,  
KLEMME, IOWA

  
\_\_\_\_\_  
Lessee

Dated: March 27, 1979

STATE OF New Jersey }  
COUNTY OF Bergen } ss

On this 20 day of July, 19 79, before me personally  
appeared Robert C. Greber  
to me personally known, who being by me duly sworn, says that he is President of  
REX RAILWAYS, INC., and Don Wilson to me personally  
known to be the Asst. Secretary of said corporation, that the seal affixed  
to the foregoing instrument is the corporate seal of said corporation, that said instrument was  
signed and sealed on behalf of said corporation by authority of its Board of Directors, and they  
acknowledged that the execution of the foregoing instrument was the free act and deed of said  
corporation.

Kevin Roberts  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires May 4, 1982

STATE OF  
COUNTY OF } ss

On this 9th day of April, 19 79, before me personally  
appeared Du Wayne Kalkwarf  
to me personally known, who being by me duly sworn, says that he is President of  
Klemme Cooperative Grain Company  
and Tom Renner  
to me personally known to be the Secretary of said corporation, that the  
seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instru-  
ment was signed and sealed on behalf of said corporation by authority of its Board of Directors,  
and they acknowledged that the execution of the foregoing instrument was the free act and deed  
of said corporation.

Mark D. Friedow  
Notary Public

